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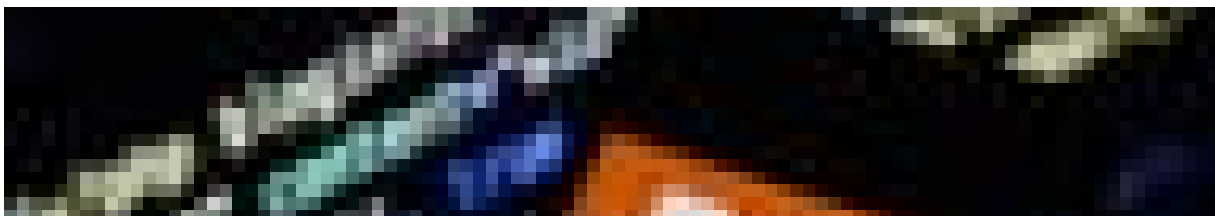
Has Top Cryptocurrency Website CoinMarketCap Completely Given Up On Data Accuracy?

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This year, two major research reports from cryptocurrency companies have concluded that between [65%](#) and [95%](#) of reported crypto trading volume is fake. But if you browse the ranking of digital asset trading platforms on [CoinMarketCap](#), the most popular data-aggregation site, it looks like the website's owner never got the memo. Of the [top 25 of the 260 exchanges](#) listed on the site, more than 75% have been suspected of reporting fake volume.

CoinMarketCap's first response to these findings, after the [Bitwise report](#) about fake volume in March, were tweets acknowledging the concern.

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The company has a 40-person team with six data scientists, and *Forbes* estimates it earns between \$20 million and \$30 million a year in ad revenue. CoinMarketCap CEO Brandon Chez says fake trading volume “is an important issue, and we’re actively trying to solve it.”

But four months after Bitwise’s blockbuster [report](#), and three weeks after [Forbes reported](#) on BKEX, an exchange that simply replicates another’s transactions seconds later, CoinMarketCap seems to have done very little to fix the problem.

In May, the company launched a Data Accountability and Transparency Alliance ([DATA](#)) partnership. Its stated goal is to promote transparency and accountability in crypto. But the initiative seems unlikely to spur significant changes, as several exchanges that are [suspected of fake volume](#), like CoinSuper and Bittrue, are members.

CoinMarketCap has added a column for “adjusted volume” on its rankings, but the numbers are almost entirely the same as “reported volume” provided by the exchanges themselves (see chart below). And many that rank highly, such as CoinBene (No. 9) and LBank (No. 6), were found to be highly suspicious by [Bitwise](#) and [Alameda Research](#).

“It’s like trying to put out a fire, a blazing house fire, by pouring a small cup of water on it,” says Nic Carter, a partner at crypto investment fund Castle Island Ventures, regarding CoinMarketCap’s efforts to clean up its data.

According to Carylyne Chan, chief strategy officer at CoinMarketCap, it's taking the site a long time to fix the fake volume issue because "the team is trying to do it right ... it's always been balancing between doing it right rather than doing it quickly."

But fake volume appears not to be a priority for CoinMarketCap. Cryptocurrency exchange BKEX [blatantly copies](#) Binance's trades and passes them off as its own. CoinMarketCap is aware of the issue, but has not acted yet. "The team has received just one complaint so far for BKEX, and will be further monitoring before an alert will be put up on the site," says Chan.

Other cryptocurrency price websites quickly changed their volume calculation methodologies after the Bitwise report. It took [Messari.io](#) only five days after the Bitwise report came out to [introduce](#) its "Real 10" volume metric, calculated from ten heavily vetted exchanges. As expected, the difference between CoinMarketCap's total volume (\$21.4 billion) and Messari's "Real 10" volume (\$1.4 billion) is significant: The "Real 10" volume is equal to 6.5% of the total volume.

Asked why the site doesn't simply remove questionable exchanges from their site, Chan says, "This is really a philosophical question for us, because ever since we started the site we try not to censor information ... so a primary objective is not to weed out and ignore them as data points but really to enrich the decision-making process of our users by publishing a wider array of data points."

Brandon Chez, the company's enigmatic CEO, echoes Chan's statement in an email: "CoinMarketCap strives to be the most comprehensive resource in

the crypto space.” Chez generally tries to stay out of the media’s reach. After a January 2018 [Wall Street Journal](#) article revealed that he lived in an apartment in Long Island City, Chez moved away. “He got scared,” Chan says. She declined to reveal where he currently resides.

Fortunately, the differences between the published price of bitcoin on CoinMarketCap and the real price of bitcoin on exchanges are minimal, according to Bitwise. But there has been little data reported about price differences for the hundreds of other lesser-known tokens that are listed on CoinMarketCap.

There are many negative effects of CoinMarketCap’s refusal to clearly flag dubious exchanges for its users. For example, it strongly motivates exchanges to publish fake volumes in order to be listed at the top of the ranking. Valentin Preobrazhenskiy, CEO of the LATOKEN exchange, thinks that reported volume will remain high until data-aggregation sites demand that exchanges give them the same numbers they give to regulators.

Fabricating fake volume has become a full-blown business. A recent CoinDesk [article](#) featured 20-year-old Alexey Andryunin’s firm Gotbit, which specializes in making lesser-known tokens appear to be actively trading. He charges [\\$6,000](#) for a month of fake trading volume, and [\\$15,000](#) to get a token listed onto CoinMarketCap.

Inexperienced users can be damaged by the misinformation. Retail investors risk seeing questionable exchanges ranked highly and then falling victim to hacks or scams after choosing to buy or store cryptocurrency on them, says Teddy Fusaro, COO at Bitwise.

Until CoinMarketCap applies a new model, or decides to remove certain exchanges, retail investors should view its data with a heavy dose of skepticism.

Additional reporting by [Jeff Kauflin](#).

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Ranking data accurate as of 7/15/19.

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